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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH PROGRAMME FOR PARAGUAY

Programme period	Resources	$
1992-1996	Net IPF	5 185 000
	Estimated cost-sharing	35 500 000
	Total	40 685 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Paraguay is an agropastoral country and dependent on the export of two main agricultural items, namely, soy beans and cotton, with an incipient but sustained process of agro-industrialization. In spite of high rates of economic growth during the period from 1987 to 1989, the economy has experienced enormous difficulties, with high rates of inflation and unemployment (and a growing rate of informal employment) as a result of chronic fiscal deficits brought about by foreign-currency and credit subsidies. In addition to the almost complete disappearance of the Central Bank's reserves, Paraguay was in arrears on the payment of its external debt and suffered increasing deficits in its trade balance. Bearing in mind the fact that the average annual population growth rate between 1982 and 1989 was 3.1 per cent, the behaviour of the Paraguayan economy during that same period can be translated in real terms into a negative average annual growth rate of 2.2 per cent.

2. The irrational exploitation of natural resources has resulted in a serious loss of forest reserves, the hunting of animals that are on the way to becoming extinct, the pollution of water resources and the loss of soil fertility. Deterioration has also been manifested in the living conditions of the population, reflected in a high illiteracy rate and a school drop-out rate of 50 per cent. The health profile exhibits high rates of mortality among children under five years of age (65/1,000), high indices of preventable and/or transmissible diseases and a low level of sanitation (only 8 per cent of the rural population has access to drinking water).

3. The new Government has adopted various measures (since 1989) for dealing with these problems: establishment of a single rate of exchange, renegotiation of the debt with Brazil, reduction of the public debt and better tax collection, administrative reform of the State, a less inflationary intervention by the Central Bank and a policy for encouraging investment. All of this has brought an increase in exports and an improvement in the balance of payments, a reduction of the external debt, a surplus in fiscal accounts and a significant reduction in inflation (from 45 per cent per year in December 1990 to 25 per cent per year in June 1991 and the expectation of 15 per cent for the entire year).

4. Although the growth rate of the gross domestic product (GDP) has decreased from the 6 per cent per year figure of 1989 to 3 per cent in 1990, it is expected that the latter rate will be maintained for 1991. Moreover, a programme of agrarian reform and another programme for the expansion of forest reserves have been initiated with the Institute of Rural Welfare. Lastly, the Government - with the support of UNDP and the World Food Programme (WFP) - has embarked on a project of human development through a decentralized State agency, with institutional support from the Ministries of Health, Education and Agriculture and with the participation of social and political groups, in order to deal with the problem of the basic needs of children, the elderly, disabled persons and women. At the same time, the financial resources for the sectors of health and education in the national budget have been increased.

B. National development objectives and strategies

5. The present Government has made a commitment to promote a market economy with no long-term indicative planning. Within the concept of this model, there is established the principle of subsidiariness for the role of the State. In other words, the State is to guarantee a market economy's capacity to function rather than obstruct it, although it will correct the natural deficiencies of the latter by means of specific policies which will make it not the guardian but the protector of its citizens. A market economy pursues three objectives: (a) to promote free competition in the market; (b) to ensure social compensation; and (c) to reduce the sharp fluctuations in the use of productive factors by means of appropriate policies.

6. By taking action along the lines described above, the Government has set itself the following goals: (a) increasing the production of goods and services; (b) increasing internal savings, investment and the employment of labour, accompanied by a sustainable use of natural resources; (c) internal macroeconomic balance, avoiding fiscal deficits and reducing inflation levels; (d) external macroeconomic balance, promoting the maintenance of a free rate of exchange, with no significant deficit in the balance of payments; (e) institutional reform and the strengthening of management capacity in the public sector; (f) social development that will improve people's living conditions and stimulate social justice; (g) physical, economic and cultural integration into the Southern Cone Common Market (MERCOSUR).

7. One of the Government's priorities relates to the modernization of the State, through initiatives for the administrative, legal and financial restructuring of public entities, with the support of bilateral and multilateral technical cooperation.

8. In the area of human development, the Government proposes growing improvement in citizen access to social services compatible with a modernization of productive life. In addition to pursuing social justice through programmes which will raise educational levels and the levels of health and assistance to special population groups, official concern emphasizes the employment sector in a country whose population is mostly young (70 per cent under 30 years of age).

9. The reconciliation of the interests of integrated rural development (and its implications for the creation of jobs) with the preservation and recovery of the environment is also an important goal of present official policy. Thus, the Government has proposed to work on the rational use of natural resources, so as to curb a dangerous process of deforestation and impoverishment of arable soil.

II. EXTERNAL COOPERATION

A. Role of external cooperation

10. Official external aid to the country during the second half of the past decade has undergone substantial fluctuation, varying from $163 million in 1985 to $100 million in 1986 and $123 million in 1990; the main areas of support are: rural and regional development (46 per cent), physical infrastructure (36 per cent) and human/social development (17 per cent). The most important contributors - almost 80 per cent of the total - during the period from 1987 to 1990 have been Japan and Germany.

11. Technical cooperation has not varied during the period from 1985 to 1989, maintaining an average value of about $30 million per year, while for 1990 it was estimated that there would be an increase to about $54 million, including for the first time the cooperation of NGOs and foundations. The areas given preference were: human/social development, rural and regional development and public management.

12. The cooperation offered by UNDP has taken on special importance for the new Government, since a substantial increase in disbursements has been observed. Thus, from an average of $1.5 million per year of disbursements programmed for the period from 1987 to 1991, there is an increase to $5 million in 1991, including cost-sharing mobilized for the first time on a large scale, an important indicator of the Government's desire to take advantage of UNDP cooperation. At the same time, the Government's participation in the UNDP cooperation programme in terms of its financing is increasing from the traditional figure of less than 20 per cent to 80 per cent in 1991. Thus, the indicative planning figure (IPF) becomes a formidable mobilizer of Government resources for cooperation projects.

B. Coordination arrangements

13. The drop in external-cooperation disbursements and the consequent negative flow of capital, beginning with the second half of the past decade, constitute challenges that the Government must face with a view to reversing unfavourable trends in its foreign sector. The renegotiation of the foreign debt with Brazil, the coming renegotiation with the Paris Club and the policies of providing incentives for foreign investment are indications of the importance attached by the new Government to external cooperation.

14. With regard to international technical cooperation (ITC), the Government encourages the transfer of technological, human and material resources and intends to prepare ITC programmes with the donor agencies and States and strengthen the systems for administering them.

15. With an understanding of this new official attitude and of the technical-cooperation experience acquired during the past two years, the Government and UNDP have prepared the fifth country programme, in which, with an IPF of only $5.2 million, they intend to mobilize resources amounting to $50 million, with a high degree of Government participation ($23 million) in cost-sharing, in addition to participation by other agencies of the United Nations system and multilateral organizations. In accordance with the increased Government participation, preference will also be given to national execution, a modality which has advanced in recent years (see annex I).

16. UNDP will not confine itself to coordinating the projects and subprogrammes of cooperation with the competent public entities but will also work to set in motion mechanisms which will help the Government in its work of coordination, follow-up, evaluation and administration of both multilateral and bilateral ITC. To that end, UNDP has proposed: (a) to implement assistance in the management and handling of international cooperation, (b) to train public entities in ITC and establish data-processing systems for them and (c) to establish units for the monitoring of projects. In that task, extensive use will be made of the programmes of regional cooperation and technical cooperation among developing countries (TCDC), as well as of the United Nations Volunteers programme.

III. THE COUNTRY PROGRAMMES

A. Assessment of the ongoing country programme

17. The cooperation programme for the fourth cycle is grounded in the Social Economic Development Plan for 1985-1989, whose strategy for outward growth emphasized agropastoral and agrosylvar production and public investment in basic infrastructure. The support actions were designed, in accordance with the priorities fixed for this plan, with emphasis on the training of human resources, institutional strengthening and the generation of jobs.

18. The results of this programme show a clear differentiation between the first and second stages. The total resources for the fourth cycle were estimated at $5.2 million, with 38 projects implemented during the first stage (1987-1989), while during the second stage $5.6 million was mobilized, with only 10 projects. Moreover, the funds provided by the Government during the first stage had all been obtained from external sources; in contrast, during the second stage 40 per cent of the national contribution comes from domestic sources, more precisely from the private sector. National participation in cost-sharing increased from 20 per cent to 70 per cent between the first and second stages, and national execution increased from 7.5 per cent to 37.5 per cent from the first period to the second.

19. There are four aspects that must be evaluated in connection with the impact of the current programme. With regard to institutional development, the institutions were the ones that best absorbed UNDP assistance. The projects aimed at promoting the

efficiency of the public sector were recently taken into consideration by the new Government, starting in 1989. Few projects were executed for the purpose of promoting the training of human resources. Small and medium-sized enterprises of the industrial sector benefited most from the transfer of technology. With regard to direct support, the beneficiaries were the urban microentrepreneurs, but small farmers did not benefit in the same way, since there was no governmental strategy to combat rural poverty.

20. There are a number of lessons to be learned from the fourth cycle. The first is the importance of the new official attitude, starting in 1989, which makes it possible to take maximum advantage of international cooperation and to make human/social development a central aspect of its socio-economic strategy. Secondly, from the inefficiency of what amounted to a number of scattered projects during the first stage, there has been a change to the efficiency of an integrated strategy at the programme level, which increases the catalysing effect and makes it easier for society as a whole to visualize the cooperation actions. A greater degree of national execution has proved as efficient as, and more economical than, the traditional model of execution through specialized agencies. Lastly, it has been found that the activities were not sufficiently evaluated.

21. As a result of these experiences, the following recommendations have been made: (a) priority for human/social development (especially the promotion of women and of human rights) and protection of the environment; (b) increasing governmental financing; (c) stimulating sectoral concentration in order to make catalytic and multiplicative effects possible; (d) increasing the nationalization of projects; (e) studying the possibility of incorporating local non-governmental organizations (NGOs) into the execution of projects, as well as involving the beneficiaries; and (f) improving the system of monitoring and evaluation.

B. Proposal for UNDP cooperation

1. Preparatory process

22. For the preparation of the fifth programme and the identification of the areas or subprogrammes, the following have been taken into account: (a) the main conclusions of the partial evaluation (July 1989) and the final evaluation (February 1991) of the fourth programme; (b) the new socio-economic development plans fixed by the new Government, starting in 1989; (c) the identification of the development and external-aid priorities fixed by the Technical Secretariat of Planning and CONCATE (the National Committee for the Coordination of External Technical Assistance); and (d) the talks with various central and decentralized public entities, as well as with private organizations.

23. With a view to ensuring effective use of available resources, it was decided to initiate an intensive process of consultation between the governmental entities, CONCATE and UNDP. This has also helped to identify the main areas of in need of technical cooperation, within the seven goals fixed by the Government. The talks were held with the following ministries: Agriculture and Stock-raising (Undersecretariat of the Environment); Finance; Industry and Trade; Justice and Labour; Public Works and Communications; Health and Social Welfare; and Education, and with the following decentralized public entities: National Service for Professional Promotion (SNPP) and the Directorate of Welfare (DIBEN). Consultations have also been maintained with the Paraguayan Foundation For Cooperation and Development (FUPACODE), which is responsible for projects that give support to micro-enterprises. The specialized agencies of the United Nations, such as the International Civil Aviation Organization (ICAO), the Food and Agricultural Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Intellectual Property Organization (WIPO), the International Telecommunication Union (ITU) and the United Nations Industrial Development Organization (UNIDO), make contributions by proposing plans and strategies through programming missions or projects in the process of execution.

24. As a result of these talks and of the activities indicated above, three areas of UNDP cooperation for the fifth programme have been defined: reform and modernization of the State; human/social development; and sustainable development of natural resources.

2. UNDP cooperation strategy

25. The areas of UNDP cooperation indicated above agree with the Government's goals 2, 5, 6 and 7 of within the framework of a market economy without indicative planning. These subprogrammes coincide with four of the six thematic areas proposed by the UNDP Governing Council in decision 90/34 namely: (a) strengthening of management capacity; (b) eradication of poverty and citizen participation; (c) protection of the environment and rational exploitation of natural resources; and (d) the role of women in development (regarded as an integral part of the three subprogrammes but especially as part of the human-development subprogramme). In each subprogramme the IPF resources will be utilized seed money intended for the design of the subprogramme and for its monitoring and evaluation. The ongoing implementation will be financed through cost-sharing generated by other sources.

26. The cooperation strategy to be followed within the subprogramme for the modernization of the State is viewed conceptually as part of the report of the Management Development Programme's mission of November 1989, in the conclusions of the Caracas consultation of May 1991 and in the experience already acquired through projects in the process of execution.

27. The human-development subprogramme is designed to respond to strategies based on the conceptual and methodological framework prepared by UNDP in its annual reports. Here special attention will be given to the problem of the gap between men and women. That is to say, following the lines of decision 90/34 and of the more recent decision 91/3, the strategy for cooperation in the area of human/social development will necessarily pass through projects for the participation of women in the communal and national order.

28. With regard to the area of sustainable development of natural resources, strategies will follow the conceptual framework of United Nations on the subject, contained in Our Common Future prepared by the Brundtland Commission, and Our Own Agenda, prepared by IDB-UNDP. Added to this are any Latin American responses to the challenge of sustained development that may be obtained from the United Nations Conference on Environment and Development (Rio de Janeiro, 1992).

3. Thematic areas

29. The choice of the subprogrammes on modernization of the State, human development and sustained development of natural resources is based on the development objectives of the Paraguayan Government and on UNDP's capacity for response in these areas. The comparative advantages are found in the multisectoral nature of UNDP, which is helping to promote work efficiency and to mobilize national capacities, in its neutral character and in its access to other sources of financing for development projects.

30. The motivations that prompt the Government to seek a market economy model are related to the purposes of achieving financial and macroeconomic balance, improving the quality of life and training human resources in such a way as to ensure the general welfare and make the country competitive in the international field, especially in MERCOSUR. This is why three of the seven national goals have been chosen for UNDP cooperation.

31. The 1992-1996 programme provides for a total budget estimated at $55.2 million, of which $40.7 million would come from UNDP's own sources, including cost-sharing funds mobilized through the IPF, and the remainder would come from joint programmes, from other agencies of the United Nations system and from UNDP-administered funds.

32. Within the first category of financing sources (see annex I), UNDP proposes to mobilize financial support amounting to about $35.5 million in cost-sharing, through an IPF of $5.2 million. With regard to the second category of financing sources, UNDP will make efforts to coordinate the use of technical-cooperation funds for joint projects or complementary projects with other United Nations agencies, such as the World Food Programme (WFP), the United Nations Fund for Population Activities (UNFPA), the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO) and the United Nations Drug Control Programme (UNDCP), as well as contributions from UNDP-administered funds. It is estimated that $14.5 million will be mobilized through this machinery.

Modernization of the State

33. National objectives. The Government regards development management as the challenge for the attainment of genuine State reform. The expansion of the public sector in Paraguay have been rapid, uncoordinated and not integrated between the different ministries and State agencies, with the result that there have been wasted resources, frequent interruptions in programmes, difficulties in the delineation of policies, limitations on the capacity to prioritize investments, a lack of connection of the national budget with development objectives and the unnecessary creation of public entities.

34. Because of this disordered expansion, civil-service personnel came to constitute 9 per cent of the economically active population (EAP). The selection and promotion of personnel was based on political and party considerations, with very little training. In addition, 75 per cent of civil servants did not earn even the minimum wage, besides lacking health and accident insurance.

35. With regard to the tax structure, Paraguay is one of the countries with the lowest tax-collecting capacity (8 per cent of GDP) in Latin America. This structure is the result of unplanned action in the creation of taxes, a high degree of tax evasion and significant levels of corruption in the country's economic operations.

36. The challenge in this sector is the creation of different bases for a different public administration. For that purpose, the Government has outlined the following strategies: (a) review of the administrative competence of State entities; (b) modification of the decision-making system; (c) giving priority to economic administration; (d) the gradual incorporation of cost-benefit criteria into the functioning of public administration; and (e) a new juridical ordering of public administration.

37. UNDP cooperation. The Government has decided to modernize the public sector as a way to promote efficiency in management and the rationalization of public expenditure and in order to provide greater transparency and make the State capable of meeting the requirements of a democratic society. To that end, the fundamental objectives pursued by UNDP for technical cooperation in this subprogramme are those of encouraging initiative and private investment, both national and foreign, so that the State can facilitate the development of a market economy.

38. To achieve these objectives, technical cooperation has divided this subprogramme into three fundamental areas of action: (a) improvement of management in public administration and the training of human resources in State and municipal entities; (b) the creation of a governmental environment that will encourage private investment for greater industrialization of the country and will strengthen its exports, while at the same time creating the conditions for a financial reform of the country; and (c) strengthening of public management in the handling, development and maintenance of the country's physical and communications infrastructure a basic requirement for strengthening a market economy.

39. The first of the above-mentioned areas includes three basic projects aimed at the elaboration of new public laws and the training of the State civil service, the

administrative reorganization of the State and the creation of a modern tax system accompanied by a rationalization of State management. In this area UNDP will work preferably with the General Directorate of the Civil Service, the Technical Secretariat of Planning, the Ministry of Finance and the Office of the Financial Controller of the Nation. In addition, this area will include projects for cooperation with municipalities, in order to encourage the necessary decentralization of the country.

40. Even though the projects mentioned are fundamental for the necessary coordination of public entities with a view to putting MERCOSUR into operation, a second area of cooperation includes projects which relate more directly to the preparation of the country for the new regional project for a common market. Here work will be done with the Ministry of Industry and Trade for its administrative and management restructuring - which is to make it possible to provide efficient support for industrial investors - and also for a strengthening of the agency responsible for promoting the country's exports. At the same time, UNDP will cooperate with the Central Bank of Paraguay in projects intended to establish the necessary financial reform of the country and to perfect the information system of economic indicators, an important basis for decision-making in economic policy.

41. A third and no less important area of cooperation relates to the training of personnel and to technical assistance for public entities responsible for the country's physical and communications infrastructure, with a view to improving services to the users of land, river, air and telephone networks. To that end, UNDP will work directly with the Ministry of Public Works and Communications, the National Telecommunications Administration (ANTELCO) and the National Directorate of Civil Aviation (DINAC).

42. The impact of this subprogramme will be measured on the basis of the results obtained in institutional development and in the training of human resources. More concretely, the indicators of the possible successes to be achieved in this subprogramme are the following: (a) an efficient ordering of the central public administration and of the decentralized entities; (b) the establishment of channels of communication between the different ministries and public entities which will make it possible to implement coherent and coordinated economic and social policies; and (c) increasing national and foreign private investment as the result of a public sector which is more efficient and capable of facilitating market operations.

43. As regards complementary assistance for the subprogramme, most of the cost-sharing will be assumed by the central Government, in each of the three areas defined in the subprogramme. The World Bank will be part of the modality of cost-sharing in projects of the second and third areas of this subprogrammes; participation by the Inter-American Development Bank will be carried on in the first and third areas. Technical assistance through projects of the regional programmes will affect each of the areas of this subprogramme. With regard to assistance obtained through technical cooperation among developing countries (TCDC) - which will be utilized exclusively for this subprogramme during the fifth cycle - attention will be concentrated on the second area of projects.

44. The total budget provided for this subprogramme amounts to $23.8 million, or 58.4 per cent of total resources. The cost-sharing in this subprogramme amounts to 92 per cent of the total input.

Human/social development

45. National objectives. In the field of social development, the Government is trying to improve the efficiency of public expenditure through institutional changes, decentralization and the incorporation of the private sector into the provision of social services. In Paraguay social debt is expressed in biological deterioration of the population (hygiene, food, housing), an increase in social delinquency, unequal opportunity for access to production factors, and impoverishment of the human resources available for attention to education and public health.

46. Social debt becomes more evident in an essentially young country. More than 70 per cent of the population is under 30 years of age, and one third of that figure consists of children under 13. Between 55 and 60 per cent of the inhabitants live in rural areas, and the rate of population growth is one of the highest in the hemisphere (3 per cent per year). The precarious conditions in sanitation and education for children can be seen in the fact that 60 per cent of the children under 5 years of age show symptoms of malnutrition and anaemia. Sixty per cent of the country's children suffer from endemic goitre, which affects apprenticeship. The child mortality rate is 62 per 1,000 for children under five years of age.

47. In the educational field the situation is no less grave. Even though officially the illiteracy rate is declared to be 23 per cent, some estimates place it above 40 per cent. Only 41 per cent of schoolchildren complete elementary school, and only 12 per cent of the student population that begins elementary school completes secondary school.

48. With a mostly young population and with structural deficiencies in the country's economy, the labour market is incapable of absorbing the growing available manpower. The disguised-employment or informal sector is estimated at 50 per cent of the EAP, and open unemployment - according to official figures - stands at 7 per cent.

49. With regard to the situation of women, the rate of female illiteracy is less than the rate among men. Only 26 women for every 100 man are gainfully employed, and they earn wages equivalent to 50 per cent of men's wages. In the field of health, the rate of maternal mortality is 380 per 100,000, excessively high for the region.

50. The present Government proposes in this field: (a) to create the conditions for social justice and equality of opportunity; (b) to promote employment through community establishments, cooperatives and new enterprises; and (c) to put into operation 8 programmes for unprotected and marginalized groups, such as children, young people, women, disabled persons and indigenous people.

51. Thus, the main goal of the present Government is the establishment of a society based on democratic principles and the strength of the family. To that end, the Government's plans are aimed at are oriented towards creating conditions for the improvement of the people's quality of life through programmes that will emphasize the problems of food, health, housing and social security, the creation of jobs and the active participation of women in assuming responsibility for the country's socio-economic development.

52. UNDP cooperation in this subprogramme is aimed at improving the levels of education, health and nutrition for special population groups, providing incentives for the creation of jobs and the training of human resources, and accompanying the reform within the State sector with the creation of policies which will protect and promote human rights. This subprogramme will place special emphasis on the development of women, in coordination with other agencies of the system.

53. With regard to the first of the tasks mentioned in connection with the UNDP cooperation for this subprogramme, the projects provided for - both in the field of human development and in the field of community organizations - will be aimed at selected sectors of the Paraguayan population, which are found to be most vulnerable to the harmful effects of the precarious situation in the country with respect to nutrition, sanitation and education. Children, women and disabled persons will be the main beneficiaries of the projects included in this area. To that end, women in particular will be promoted through training in nutrition, family health and community leadership. In addition, and more specifically in the field of health, UNDP will consider projects for community education on AIDS with a view to the adoption of preventive measures, as well as projects to prevent drug addiction and to provide assistance to addicts. With regard to the latter group of projects, UNDP will receive assistance from specialized agencies of the United Nations system and will work in

conjunction with the Ministry of Public Health. That Ministry will also participate in the first group of projects, in addition to work done by the Ministry of Education and basically by DIBEN, an organization created by the Office of the President of the Republic in order to take care of the basic needs of the population and consisting of representatives of political parties and social sectors.

54. The second type of tasks provided for in this subprogramme includes projects aimed at the creation of jobs and at training, with young population groups being the beneficiaries. In this area work will be done mainly with the Paraguayan Foundation for Cooperation and Development (FUPACODE), a non-governmental organization devoted to the promotion of microenterprises. These projects provide for the creation of larger sources of employment, the training of small enterprises in development techniques and the training of women to be community leaders. Technical cooperation in this sector will also take the form of projects with objectives in professional training and instruction, in view of the felt need for this in the country's productive system.

55. Lastly, in conjunction with the Ministry of Justice and Labour, UNDP and the United Nations Centre for Human Rights will collaborate in the promotion and protection of human rights. With this support, Paraguay has created the Directorate of Human Rights, within the aforementioned Ministry, with a view to incorporating international standards into the domestic juridical order and ensuring their full domestic observance, as well as promoting the creation of a National Commission on Human Rights, with representatives of official and non-governmental bodies, responsible for identifying programmes aimed at the most vulnerable population groups.

56. The impact of this subprogramme will be reflected in the results that will be obtained through the direct support of needy sectors of the population. The indicators of possible achievements in this subprogramme will be: (a) the creation of greater sources of employment; (b) the elevation of the indices of nutrition, disease prevention and school attendance in the population; and (c) greater participation by citizens, and by women in particular, in the solution of problems of economics and social justice.

57. Complementary assistance. In the subprogramme of human/social development, in addition to the central Government, there will also be participation by the National Directorate of Welfare (DIBEN) (a decentralized agency of the Government) and by the Paraguayan Foundation for Cooperation and Development (FUPACODE) (a non-governmental organization) in the modality of cost-sharing. In that same modality, assistance will also be given by the World Bank. Making use of the Joint Consultative Group on Policy (JCGP), such United Nations agencies as WFP, UNFPA, UNICEF and UNESCO will collaborate in the areas of health, education, and training of women. In the more specific area of health education and the prevention of dangerous syndromes, the assistance will come from other agencies, such as WHO and UNDCP. Both in the case of cost-sharing and in the case of JCGP, the areas helped by this subprogramme will be the first and the second; in addition, those areas will also receive cooperation from the regional programmes. With regard to the third area, assistance will be given by the United Nations Centre for Human Rights.

58. The budgetary funds for the subprogramme of human/social development amount to $11.3 million, or 27.9 per cent of the total. Cost-sharing for this subprogramme amounts to 82 per cent.

Sustained development of natural resources

59. National objectives. Lastly, the Government has proposed to work for the protection of the environment through the rational use of natural resources. To that end, forest degradation, soil depletion, the indiscriminate hunting of endangered species and the pollution of rivers and streams are viewed as the most conspicuous manifestations of the country's ecological problems.

60. The fundamental cause lies in a disordered expansion of the agricultural frontier, which has resulted in the concentration of land tenure, stock-raising in areas not suitable for it and the uncontrolled sale of uncut logs despite the existence of an official prohibition of their export. Between 1945 and 1985 half of the forest reserves of the Eastern Region have been destroyed. During the 1980s deforestation reached a rate of 200,000 hectares per year, and during the last year this was aggravated to a figure of 400,000 hectares. Soil depletion or erosion amounts to 10 tons per hectare per year, and 38 per cent of currently cultivated land is exposed - at high risk - to erosion, with marked diminution of the main nutrients.

61. The indiscriminate hunting of animals for commercial reasons, linked to a clandestine traffic in furs, has resulted in the danger of the extinction of 14 species of mammals, 11 species of birds and 2 species of reptiles. Traffic in furs is calculated at 500,000 units per year. Extinction of animals is also caused by excessive deforestation of the region.

62. Despite the fact that little water is used for productive purposes, a large part of the watersheds is damaged by soil erosion, chemical products residue of pesticides used in agriculture, and industrial and household effluents.

63. In this area the Government has proposed: (a) to promote integrated rural development and farmer participation in actions aimed at the preservation and recovery of the environment; (b) legislation aimed at a rational use of natural resources; (c) a programme of environmental education at the State and community levels. In other words, the Government has proposed to combat ecological deterioration by using combined policies of rational use of natural resources and preservation of environmental quality, without letting these measures constitute an obstacle to rural development or a cause of increased unemployment.

64. UNDP cooperation. The Government's plans coincide with the objectives of UNDP cooperation. In other words, they will collaborate for environmental preservation, while at the same time furnishing incentives for agricultural productivity in settlements with small and medium-sized farms and providing indigenous ethnic groups with protection in their habitat and in the improvement of their economic and social base.

65. The projects provided for in this subprogramme are aimed at improving the living conditions of small producers while they assimilate the methods of sustainable agriculture. It is further proposed to create a geographical, economic and social database with a view to designing political formulas and projects aimed at rational soil use and conservation of the environment. Through the availability of soil maps and indices of land productivity, support will be given to agropastoral and forestry production in gaining the necessary knowledge of the use to which natural resources are put. The beneficiaries of this assistance will be the public and private institutions involved in agropastoral exploitation and in the conservation of the environment. In this subprogramme UNDP will work jointly with the Ministry of Agriculture and Stock-raising (Secretariat of the Environment) and with the assistance of other agencies of the United Nations system and multilateral organizations.

66. The impact of this subprogramme will have to be measured by the increase in agricultural and agro-industrial productivity compatible with the preservation of the country's ecological wealth, as well as by the improvement of the quality of life of indigenous ethnic groups and the operators of small and medium-sized farms.

67. Complementary assistance. This subprogramme will be given complementary assistance from funds of the central Government, the Inter-American Development Bank and the World Bank (through the Global Environmental Facility (GEF)) in the modality of cost-sharing. WFP and UNFPA will cooperate through JCGP. In addition, contribution from the projects of regional programmes have also been planned for this subprogramme.

68. The budgetary amount planned for the subprogramme on sustained development of natural resources amounts to $3.9 million, with 86 per cent cost-sharing.

C. Cooperation outside selected areas of concentration

69. It is estimated that there will be an unprogrammed reserve of $1.6 million, or 3.9 per cent of the total amount of funds allocated to subprogrammes, with which the final percentage participation of the latter might undergo some variations.

70. In order to avoid the fragmentation of the programme which took place during the first half of the fourth cycle, financing will be approved in accordance with general norms, such as (a) large-scale projects, (b) projects to meet the needs of defined areas and (c) projects with high percentages of cost-sharing, in order to make a measurable impact on the indicators of each subprogramme.

D. Management of the fifth cycle

71. Unlike the fourth cycle, in which there was a management approach at the project level, the emphasis in the fifth cycle will be placed on subprogrammes, with unified and coordinated management and with clear indicators in each area, as mentioned earlier. The IPF resources will be used as basic capital and will be allocated to the design of programmes and national programmes and strategies. Cost-sharing, on the other hand, will be channeled so as to finance most of the project inputs, both national and international.

72. One of the most important advantages of UNDP consists in its capacity to mobilize internal and external resources for structuring a technical-cooperation programme which, as in the case of the fifth cycle for Paraguay, implies a quantitative and qualitative jump. To that end, UNDP has been able to design a programme which is aimed specifically at certain tangible goals for the new Government, to coordinate technical cooperation with public, private and multilateral investments and to obtain a commitment from the latter - together with other United Nations agencies — to put into operation a consistent and substantial package of aid to the country.

73. There are various modalities at UNDP's disposal for the mobilization of resources. The first and most important of them consists in cost-sharing, through which both the central Government and multilateral organizations make commitments to contribute most of the financing of the technical-assistance projects. A second modality for complementary assistance is applied through the Joint Consultative Group on Policy, in which projects are coordinated with other United Nations agencies. Other modalities for complementary assistance are the regional programmes and TCDC. Lastly, and for the fifth cycle in particular, there is an expectation of using United Nations Volunteers who are specialists in the three subprogrammes and at the same time stimulating the interest of national specialists in applying for appointment to this type of service abroad.

74. These modalities for the mobilization of resources will be distributed among the three subprogrammes of the fifth cycle, as explained earlier.

75. In addition, emphasis will be placed on national participation and execution for subprogrammes and projects, with the objective of continuing to create local capacities for decision-making and project evaluation, of taking advantage of the greater flexibility and rapidity demonstrated by this modality, using the agencies of the United Nations system in the identification and formulation of projects and in high-technology tasks not available in the country.

76. In the fifth cycle management will be at the level of the three subprogrammes. Periodic meetings to assess the progress of each subprogramme will involve the national project coordinators within the relevant subprogramme, international technical advisors and representatives of the Technical Secretariat of Planning and UNDP. As a result,

it is expected that there will be closer collaboration between the Government and UNDP, so as to provide greater coherence in external cooperation and greater rationalization of expenditures.

77. In order to attain this goal, the UNDP office will incorporate the techniques and experiences of other offices and of Headquarters, and the Government's coordinating entity for technical cooperation will be strengthened through subprogramme I, making it possible to restructure it internally, to train its personnel and to connect it on a computerized basis with the data banks of UNDP, UNFPA, WFP and the United Nations Information Centre.

78. Of the total UNDP resources and cost-sharing for the fifth cycle, amounting to $40.685 million, $10.1 million is committed (as of September 1991) to projects for the fourth cycle. The new projects already identified for the fifth cycle amount to $30.6 million.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF		
Fifth cycle IPF	5 185	
Subtotal IPF		5 185
Project cost-sharing (Government)	25 500	
Project cost-sharing (third-party)	10 000	
Programme cost-sharing		
Subtotal cost-sharing		35 500
TOTAL		40 685

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Modernization of the State	1 841 000	21 962 000	23 803 000	58.4
Human/social development	2 007 000	9 307 000	11 314 000	27.9
Sustained development of natural resources	524 000	3 462 000	3 986 000	9.81
Unprogrammed reserve	813 000	769 310	1 582 000	3.9
TOTAL	5 185 000	35 500 000	40 685 000	100.00

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

		Thousands of dollars
A.	UNDP administrative funds	
	Funds of special programmes	-
	MDP	500
	Subtotal	500
B.	Other United Nations resources	
	JCGP participating agencies	
	UNFPA	3 000
	UNICEF	N/A
	WFP	8 000
	Other United Nations agencies (non-UNDP-financed)	500
	Subtotal	14 000
	Total extrabudgetary funds and other United Nations resources	14 500
C.	Non-United Nations resources	-
	TOTAL	14 500

Annex II

PROGRAMME MATRIX

Areas of focus 1/

Area of concentration	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	Technical cooperation among developing countries	Transfer and adaptation of technology	Women in development
I. REFORM AND MODERNIZATION OF THE STATE						
- Training of human resources			*	*		*
- Administrative rationalization			*	*	*	
- Tax reform	*		*	*		
- Decentralization and municipal development	*		*	*		*
- Promotion of exports			*	*		
- Promotion of industrial investment	*		*	*		
- Financial reform			*	*	*	
- Modernization of road networks			*	*	*	
II. HUMAN/SOCIAL DEVELOPMENT						
- Nutrition	*	*		*		*
- Disease prevention	*			*	*	*
- School attendance	*			*		*
- Community organization	*	*				*
- Microenterprises	*			*	*	*
- Professional training	*		*		*	*
- Protection of human rights	*				*	*

Area of concentration	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	Technical cooperation among developing countries	Transfer and adaptation of technology	Women in development
III. SUSTAINED DEVELOPMENT OF RESOURCES						
- Agricultural productivity	*	*	*	*		*
- Protection of indigenous ethnic groups	*	*				*
- Soil conservation		*	*	*	*	
- Conservation of flora and fauna	*	*	*	*	*	

1/ Asterisks indicate major linkages only.

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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH PROGRAMME FOR PARAGUAY

Note by the Administrator

I. PREPARATORY PROCESS

1. The preparation of the fifth programme for Paraguay is being carried out at a time of transition from an authoritarian political and economic model to a democratic and more liberal model. The cooperation programme of the fourth cycle is practically coincident with the Economic and Social Development Plan for 1985-1989. However, the new Government, which assumed power in February 1989, decided to reformulate the lines of the country's socio-economic development with a view to establishing a market economy without indicative planning, with clear and concrete objectives, which have served as a guide for the preparation of the 1992/1996 programme.

2. While the fourth programme had concentrated on increasing agricultural and industrial productivity and strengthening the sectors of energy-providing natural resources, the new Government has placed emphasis on social welfare, the restructuring of the public sector, and agrarian reform, with rational use of natural resources. With due regard for these specific interests, the recommendations of the mid-term review of the fourth cycle (July 1989) were aimed at readjusting the initial objectives to meet the goals fixed by the new Government. It was recommended that resources should be concentrated around key topics, in contrast with the previous dispersed allocation, and an attempt was made to find greater complementarity with United Nations programmes.

3. As a consequence of the implementation of these recommendations, the impact of the fourth programme was greater during its second stage. Thus, the securing of resources was increased with a smaller number of projects, there was an increase in the amount of national financing (cost-sharing), and greater emphasis was placed on national execution.

4. The final review of the fourth programme (February 1991) was conducted jointly with the Technical Secretariat of Planning, in order to lay the foundations

for the structuring of the programme areas of the fifth programme, its modalities of execution and the resources to be mobilized. At a later time, the consultations were transferred to public, decentralized and private agencies in order to identify

the sectors that would benefit from technical cooperation. The latter task was supported by specialized agencies of the United Nations, and contacts were maintained with the World Bank and the Inter-American Development Bank, with a view to extracting additional criteria for the programming of the fifth cycle.

5. Once the lessons of the fourth programme had been assimilated and the most relevant concepts and opinions of the above-mentioned interlocutors had been extracted, the process continued with the selection of three programme areas of external cooperation for the fifth cycle and the structuring of the forms of management and evaluation of that cycle, the distribution and assignment of funds for each of the subprogrammes and projects and the confirmation of the complementary assistance to the programme.

II. ANALYTICAL OBSERVATIONS ON THE COUNTRY PROGRAMME

6. The programme is arranged in three programme areas: modernization of the State; human/social development; and sustainable development of natural resources. These areas can be seen from four of the seven goals (details in paragraph 6 of the fifth country programme document) which the new Government intended to attain, and they are coincident with four of the six thematic areas of decision 90/34: (i) management development; (ii) eradication of poverty; (iii) environmental problems and natural-resource management; and (iv) women in development. Some of the projects scheduled for the fifth cycle have already been initiated during the year 1992, so as to coordinate a better follow-up of the three subprogrammes from the outset. It is expected that the IPF of the fifth cycle will be multiplied eightfold with resources from other sources.

7. The reform and modernization of the State has been a constant concern of the new Government. This implies rationalization of resource use and expenditures and reformulation of the modalities of operation of each of the public entities, so as to facilitate the conformation of a market economy in which the basic role will be reserved for private-sector activity. This reform, in turn, is dictated by the commitment made by the country when it signed the Treaty of Asunción (the Southern Cone Common Market (MERCOSUR)), which requires it to work for the attainment of a regional common market by 1995. The areas of UNDP cooperation are related to administrative and management reform of public entities, complemented by assistance to public entities that promote industrial investment, infrastructure interconnections and financial reordering in the public and private sectors.

8. A second aspect given priority by the new Government as one to benefit from international technical cooperation relates to human/social development, which is essential for combating the poverty that is manifested in low indicators of health and of disease prevention and high rates of illiteracy and of maternal and child mortality. Interpreting the Government's objectives, UNDP will support the promotion of the health and education of women and children, the promotion of human rights and the stimulation of employment and professional training, with emphasis on the well-being of children and women and the training of women as community leaders.

9. Side by side with human/social deterioration, there has also been a worsening ecological deterioration of the country, manifested in the gradual but sustained destruction of forest resources. The disordered and irrational utilization of natural resources for agricultural and stock-raising purposes is seen as the main cause of this problem. In the light of the twofold necessity of instituting agrarian reform and preserving the environment, which is understood by the new Government, UNDP will cooperate in order to attain sustained development of natural

resources; the latter is understood to mean an increase in the productivity of small and medium-sized agricultural producers, the preservation of the indigenous habitat in order to improve its socio-economic base, and hence the preservation of the environment.

III. MANAGEMENT OF THE IMPLEMENTATION OF THE COUNTRY PROGRAMME

10. Following the main lines of resolution 44/211 and of the lessons learned in the implementation of the preceding cycle, the fifth programme of cooperation will have a high level of national execution and a high level of financing by cost-sharing. It should be pointed out in this context that in so far as the above-mentioned three subprogrammes are concerned, each one will have unified management at the Government level, with a coordinator heading the unit. Special attention will also be given to the NGOs, which play an indispensable role at the grass-roots level. Thus, national execution will help to rationalize the expenditures in each subprogramme, and in this task it will be supported by technical cooperation among developing countries, regional projects and the United Nations Volunteers.

11. The programme contemplates periodic evaluations of each subprogramme, to be carried out by the national executing agencies, the Technical Secretariat of Planning, the UNDP office and the regional and international technical advisors, in addition to the mid-term and end-of-cycle reviews.

12. Furthermore, an attempt will be made to correlate the UNDP office better with the National Committee for the Coordination of External Technical Assistance, including computerized interconnections, so as to facilitate the tasks of management, monitoring and evaluation of the programme.

IV. RECOMMENDATION BY THE ADMINISTRATOR

13. Thus, it is expected that the management of the fifth cycle will be efficient and concentrate on the three areas of cooperation, so as to evaluate with greater certainty and precision the achievements that are hoped for at the end of the cycle. In other words, the ordering of the management and implementation of the programme in three well-defined items will provide clearer indicators of how the programme is progressing.

14. Bearing in mind the foregoing, the Administrator recommends that the Governing Council should approve the fifth programme of aid for Paraguay.